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Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 NSAE-00 NSCE-00
SSO-00 USIE-00 INRE-00 PM-05 H-01 INR-07 L-03
PA-01 PRS-01 SP-02 SS-15 EB-08 TRSE-00 COME-00
/056 W
----------031272 202157Z /13
O 202128Z OCT 77
FM AMEMBASSY OTTAWA
TO SECSTATE WASHDC IMMEDIATE 5113
AMCONSUL MONTREAL
AMCONSUL QUEBEC
ALL OTHER CANADIAN POSTS POUCH

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E.O. 11652: N/A
TAGS: PGOV, PINT, CA
SUBJECT: PARLIAMENT DEBATES SPEECH FROM THE THRONE

1. SUMMARY: IN HIS RESPONSE TO CRITICISMS BY THE OPPOSITION OF THE THRONE SPEECH, PRIME MINISTER TRUDEAU ANNOUNCED OCT. 19 TWO NEW ELEMENTS OF GOC POLICY-LEGISLATION FOR A NATIONAL REFERENDUM ON NATIONAL UNITY AND INCREASED EXPENDITURES OF CDOLS 150 MILLION FOR JOB CREATION PROGRAMS. BOTH WILL BE SPELLED OUT IN MORE DETAIL DURING THE COURSE OF DEBATE OVER THE NEXT FEW DAYS AND WEEKS. END SUMMARY.

2. IN PREPARED REMARKS BEFDRE TV CAMERAS IN THE HOUSE OF COMMONS YESTERDAY (OCT. 19), OPPOSITION LEADER (PC PARTY) JOE CLARK BLAMED PM TRUDEAU AND THE FEDERAL GOVERNMENT FOR CANADA'S BEING "A DEEPLY TROUBLED, DEEPLY DIVIDED NATION." ECONOMIC PROBLEMS, INCLUDING INFLATION, THE DEVALUED CANADIAN DOLLAR, HIGH UNEMPLOYMENT, AND THE MOVEMENT OF CANADIAN INVESTMENT TO THE U.S., WERE THE LIMITED OFFICIAL USE

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MAJOR THRUST OF CLARK'S SHARP ATTACK. CLARK CALLED FOR IMMEDIATE ACTION IN TAX CUTS, A NEW BUDGET, PRICE AND WAGE DE-CONTROL AND INVESTMENT TAX BREAKS IN ORDER TO STRENGTHEN A DRIFTING ECONOMY.

3. IN NATIONAL UNITY ISSUE, CLARK CHARACTERIZED THE TRUDEAU GOVERNMENT AS ONE THAT "WOULD RATHER PICK A

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FIGHT THAN BUILD UNITY." HE ALSO REITERATED HIS PRO-
POSAL THAT THE GOVERNMENT IMMEDIATELY REFER BILL 101,
QUEBEC'S LANGUAGE LAW, TO THE SUPREME COURT TO DETERMINE
ITS CONSTITUTIONALITY. (NOT ALL PC MP'S SHARE CLARK'S
APPARENT ENTHUSIASM FOR THIS PROPOSAL AS THEY BELIEVE
SUCH A MOVE WOULD PLAY INTO PREMIER LEVESQUE'S HANDS.)

4. IN HIS DISCUSSION OF THE ECONOMY, TRUDEAU HIT FAMILIAR
THEME THAT CANADA WAS VICTIM DF ITS OWN SUCCESS IN
GENERATING RAPIDLY RISING PRODUCTIVITY AND REAL INCOMES
SINCE THE SECOND WORLD WAR, BUT HAD FAILED TO ADJUST TO
EXTERNAL AND INTERNAL REALITIES IN RECENT YEARS. NOMINAL
WAGES CONTINUED TO RISE RAPIDLY AFTER FOREIGN DEMAND
(AND ENERGY EXPORTS) HAD SLOWED, WITH THE RESULT THAT
CANADA'S ABILITY TO COMPETE EFFECTIVELY IN FOREIGN MARKETS
WAS REDUCED. BETWEEN 1972 AND 1976 PER CAPITA INCOMES
INCREASED 40 PERCENT WHILE PRODUCTION INCREASED ONLY 14
PERCENT. CANADIANS ARE CLEARLY LIVING BEYOND THEIR
MEANS, TRUDEAU SAID. PRICES ARE TOO HIGH AND WAGES HAVE
TO BE MODERATED TO BRING EXPORT PRICES DOWN.

5. ONLY SPECIFIC NEW ELEMENT ON GOVERNMENT'S ECONOMIC
PROGRAM MENTIONED BY TRUDEAU WAS ADDITIONAL COMMITMENT
OF CDOLS 150 MILLION FOR JOB CREATION PROGRAMS IN ADDITION
TO CDOLS 100 MILLION SPECIFIED IN MARCH BUDGET. DETAILS
OF HOW THIS IS TO BE IMPLEMENTED, PLUS OTHER ASPECTS OF
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GOVERNMENT'S ECONOMIC PROGRAM WILL BE DETAILED EVENING
OF OCT. 19 BY FINANCE MINISTER CHRETIEN.

6. ON NATIONAL UNITY, THE ONLY NEW ELEMENT IN TRUDEAU'S
REMARKS WAS HIS ANNOUNCEMENT THAT THE GOVERNMENT WILL
INTRODUCE A BILL TO PERMIT AND CONTROL NATIONAL
REFERENDUMS. HE MADE CLEAR THAT HE HAS NOT YET DECIDED
ON THE ADVISABILITY OF A REFERENDUM (OR MORE ACCURATELY
A PLEBISCITE) ON NATIONAL UNITY, BUT THAT HE WANTS THAT
OPTION AVAILABLE IN DEALING WITH THE SEPARATIST THREAT
IN QUEBEC. TRUDEAU AGAIN INDICATED THAT HE IS PREPARED
TO ACCEPT CHANGES IN THE CONSTITUTION, BUT THAT HE IS
OPPOSED TO GIVING QUEBEC ANY SPECIAL CONSTITUTIONAL STATUS.

7. NDP LEADER BROADBENT SAID ONLY ANSWER TO CANADA'S
CURRENT ECONOMIC ILLS IS NATIONAL ECONOMIC PLANNING
WITH EXTENSIVE GOVERNMENT PARTICIPATION IN PRIVATE
ECONOMIC DECISION-MAKING PROCESSES. HE ALSO STRESSED
THAT TAX REDUCTION SHOULD BE GIVEN TO MIDDLE AND LOWER
INCOME GROUPS TO STIMULATE CONSUMPTION RATHER THAN ANY
FURTHER INVESTMENT INCENTIVES FOR BUSINESS. LOW DEGREE
OF CAPACITY UTILIZATION (CURRENTLY ABOUT 83 PERCENT)

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MEANT FURTHER INVESTMENT INCENTIVES WOULD BE USELESS,
HE ASSERTED.

8. COMMENT: IN CONTRAST TO CLARK WHO WAS IN TOP FORM
ATTACKING THE GOVERNMENT'S HANDLING OF THE ECONOMY AND
NATIONAL UNITY, TRUDEAU APPEARED SOMEWHAT LETHARGIC
THROUGHOUT MOST OF HIS 80 MINUTE RAMBLING RESPONSE.
AS IS OFTEN THE CASE, THE PRIME MINISTER GENERALLY SPOKE
IN AN AVUNCULAR TONE, MUCH TO THE IRRITATION OF HIS
CRITICS. WHETHER OR NOT THE GOVERNMENT EVENTUALLY
DECIDES TO HOLD A NATIONAL REFERENDUM ON NATIONAL UNITY,
THE MERE EXISTENCE OF ENABLING LEGISLATION MAY BE A

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USEFUL DEVICE IN OPPOSING RESTRICTIONS ON FREEDOM OF
ASSOCIATION AND FREEDOM TO PARTICIPATE IN POLITICAL DEBATE
INHERENT IN THE PARTI QUEBECOIS WHITE PAPER ON THE
REFERENDUM. ENDERS

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Disposition Approved on Date:
Disposition Case Number: n/a
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TAGS: PGOV, PINT, CA, (TRUDEAU, PIERRE ELLIOTT)
To: STATE MONTREAL
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